

State of Overdraft

Overdraft Innovations Speed Disruption of Checking

Since the release of Curinos' *Competition Drives Overdraft Disruption*, seven more major institutions have overhauled their overdraft policies or eliminated them altogether. Among these are:

- Bank of America
- Capital One
- Chase
- Regions Bank
- Truist
- US Bank
- Wells Fargo

Curinos sees successful financial institutions developing their solutions along five levers:

Define Overdraft Program

Over the last year, a growing number of financial institutions have introduced a variety of consumer-friendly overdraft innovations. No matter what solution a financial institution chooses, the overall definition of overdraft programs has changed dramatically and, arguably, for the better of the customer.

Reimagine Mass Market Strategy for Smaller Institutions

Strategies to smaller institutions find their footing and maintain profitability in the fast-changing industry include focusing efforts on modernizing the checking suite to ensure mitigation of revenue loss that will undoubtedly come from competitive pressures.

Engage Customers with Money Management Programs

Better money management can pave the road to financial wellness, allowing consumers to make sound financial decisions, spend within their means and save adequately for future emergencies. Institutions that offer financial wellness solutions can engage their customers, gain their trust and loyalty and turn them into profitable long-term customers.

Find Sustainable, Lower-Cost Alternatives to Overdraft

Some financial institutions offer innovative short-term liquidity solutions through unique product design. For example, Huntington Bank, Bank of America and Truist each offer straightforward, low-cost lines of credit that customers can access to cover an overdraft.

Innovate Day-to-Day Banking Value Proposition Around Checking

With so many overdraft innovations coming on the market, it is becoming increasingly difficult for financial institutions to stand out when launching a new solution. Many features that were unique six months ago (grace periods, elimination of overdraft fees, early access to direct deposit) don't have the same appeal as they once did.

Going forward, we are likely to see more product differentiation in the market. The question is no longer if you should innovate, but what will you do and how unique will you be?

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